

September 1998

# NAVY INFRASTRUCTURE

## Site Selection Process for the Northeast Regional Command Contained Weaknesses



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United States  
General Accounting Office  
Washington, D.C. 20548

National Security and  
International Affairs Division

B-280127

September 28, 1998

The Honorable John H. Chafee  
The Honorable Christopher J. Dodd  
The Honorable Joseph I. Lieberman  
United States Senate

The Honorable Sam Gejdenson  
House of Representatives

The Navy is in the process of establishing a new command to oversee base operations support functions for its shore installations in the northeast region. The command would expand upon the responsibilities of the naval northeast regional coordinator currently located at Naval Submarine Base (NSB) New London in Groton, Connecticut. The Commander Submarine Group Two, in New London, has dual responsibility as both the operational commander and the Northeast Regional Coordinator of selected base support functions in the region. In December 1997, the Commander in Chief, U.S. Atlantic Fleet (CINCLANTFLT), recommended that the new command be headquartered at the Naval Weapons Station (NWS) Earle in Colts Neck, New Jersey.

As you requested, we examined the Navy's process for developing that recommendation. You also asked that we review the extent to which the Navy fully evaluated the costs and implications of establishing the command at NWS Earle versus NSB New London or the Naval Undersea Warfare Center located at Newport, Rhode Island. Specifically, this report addresses (1) the extent to which the Navy followed its criteria for establishing shore activities and the extent to which it fully analyzed prospective costs of the three sites and (2) location and infrastructure factors that would affect costs and operations of the new command at each of the three locations. This report also addresses other questions, uncertainties, and concerns that exist regarding the NWS Earle location.

## Background

As part of a Navy-wide infrastructure cost reduction initiative, the Navy is restructuring its shore establishment by consolidating installation management functions in areas where significant concentrations of Navy activities exist, such as San Diego, California, Jacksonville, Florida, and—for purposes of this report—the northeastern area of the United States. This initiative seeks to reduce management and support redundancies and duplications of effort and to eliminate unnecessary

overhead. In doing so, a single commander is given responsibility for the management and oversight of naval shore installations within a specific geographic region.<sup>1</sup> Other responsibilities will include providing base support services to Navy operating forces and other naval activities and tenant commands, as well as managing the funding associated with these services. According to officials at NSB New London, total base support funding for the Northeast region is estimated to be between \$165 million and \$185 million in fiscal year 1999. Creation of a separate command to manage and oversee base support functions at Navy shore installations is expected to provide a more dedicated and expanded regionwide focus on those activities in an effort to reduce overhead costs and achieve increased efficiencies totaling millions of dollars. The establishment of the Northeast command will complete a total of 13 regional naval coordinators worldwide.

In recommending the establishment of the new command, CINCLANTFLT is seeking to relieve the Commander, Submarine Group Two, an operational commander at NSB New London, of the nonoperational duties associated with the regional coordinator role. Establishing a separate command headed by a flag rank officer (admiral) to oversee northeastern shore installations would be consistent with other CINCLANTFLT regional commands that exist in Norfolk, Virginia, and Jacksonville, Florida. According to Navy officials, these regional commands will support Navy efforts to eliminate redundant management structures, reduce infrastructure costs, and foster regional service delivery of installation management support. CINCLANTFLT officials estimated that the staff of the command would consist of a flag rank commanding officer, 27 other military personnel, and 27 civilian employees. The existing regional coordination staff at NSB New London consists of 9 military and 15 civilian personnel.

CINCLANTFLT's recommendation to establish the new command at NWS Earle is pending approval by the Chief of Naval Operations and the Secretary of the Navy.

## Results in Brief

Weaknesses exist in the Navy's process for selecting the location for the headquarters for its new northeast regional command. Specifically,

<sup>1</sup>Each regional command within the United States is aligned with one or more of 10 existing Federal Districts. Under this arrangement, the Commander, Navy Region Northeast, will be responsible for coordinating various base support functions at naval shore installations within Federal Districts I and II, which include the states of New Jersey and New York and all states northeast of New York.

- In selecting NWS Earle, it is not clear to what extent the Navy followed its own criteria for the establishment, disestablishment, or modification of shore activities or fully assessed the comparative costs of establishing and operating the new headquarters at all sites it had indicated were under consideration. The costs to establish the command at NWS Earle may be greater than the Navy estimated.
- The NWS Earle site has some basic operational limitations compared with at least two other sites, including NSB New London and Newport. These limitations relate to facilities' infrastructure to support the new command and increased travel time and costs associated with operating from NWS Earle.
- The Navy stated that it needs a flag rank command closer to New York City to attain certain operational benefits. While this need may be appropriate, questions exist about (1) how often the need to visit New York City arises, (2) whether the NWS Earle location provides a significant reduction in travel time compared with travel from the current location at NSB New London, and (3) whether it is desirable to separate the new command from other centralized support activities located at NSB New London.

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## Uncertainty Regarding Navy's Adherence to Site Selection Criteria and Assessment of Costs Associated With Competing Locations

In reviewing CINCLANTFLT's recommendation of NWS Earle for the new command headquarters, we could not be certain to what extent the Navy had fully considered its stated criteria to evaluate or compare alternate sites because documentation to support the Navy's decision was limited. Additionally, costs associated with relocating regional coordination functions and staff from NSB New London to NWS Earle and operating from that site may be greater than those estimated by the Navy.

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## Comparative Analysis of Alternative Sites Was Lacking

Navy Instruction 5450.169D, regarding the establishment, disestablishment, or modification of Navy shore activities, states that several factors should be considered, including whether (1) an activity is currently performing the mission or an existing activity in the same geographical area can assume the mission, (2) an existing activity of the same type can perform the mission, and (3) the need for the activity is sufficient to offset the cost of establishing a separate activity. Additionally, between October 1997 and March 1998, the Navy stated in correspondence with senators and congressmen from Connecticut and Rhode Island that several factors were being considered in selecting a location for the command. These factors included the availability of office space,

communications, and suitable family housing; proximity to the regional offices of other federal government agencies; access to transportation; operational and military support; relocation and alteration costs; and rent costs.

Navy officials told us that they considered the criteria stated in the Navy instruction and in their congressional correspondence in evaluating and comparing alternate sites. However, we are concerned as to the extent of this analysis. While Navy guidance does not specifically direct the preparation of cost comparisons for prospective sites, it does suggest that the Navy seek economy and efficiency in establishing new activities, which would suggest the need to compare costs among prospective sites. CINCLANTFLT officials told us that the site selection process began with their gathering some estimated cost data for prospective sites with the intent of performing a cost comparison. However, they were informed early in the process that CINCLANTFLT had already decided to locate the new command at NWS Earle because that was the desired location. Consequently, according to these officials, no further data were developed to estimate and compare the costs associated with establishing the command at sites other than NWS Earle.

Our review of available documentation and discussions with Navy officials indicate that CINCLANTFLT's recommendation to establish the Commander, Navy Region Northeast, at NWS Earle was based primarily on placing the command in closer proximity to New York City. CINCLANTFLT's decision paper, referred to as a Fact and Justification Sheet, cited a number of needs and benefits of such a placement, focusing primarily on the need for Navy flag rank representation in the New York-New Jersey area. Specifically, the justification highlighted activities such as the importance of acting as the resident Navy spokesperson; interacting on the Navy's behalf with major corporations, labor unions, and other organizations associated with maritime commerce; and serving as the Navy's official representative for major events such as visiting foreign dignitaries.

### Cost Estimates for Establishing the Command at NWS Earle May Be Understated

CINCLANTFLT did perform analyses sufficient to estimate the cost to establish the command at NWS Earle at \$1.89 million. We did not, however, independently verify these cost estimates. CINCLANTFLT's analyses included cost estimates for renovation of flag and officer office space, displacement of the current occupants of this office space; moving office furniture, supplies, and equipment; civilian and military permanent change of station costs; civilian severance pay for those who do not relocate; and a

recurring increase in travel expenses due to the location of NWS Earle in relation to its subordinate commands (see table 1). Detailed cost estimates to establish the command were not documented for other potential sites.

**Table 1: Estimated Costs Associated With Establishing the Command at NWS Earle**

<b>Cost type</b>	<b>Amount</b>
Office space renovations	\$75,000
Displacement of current occupants	225,000
Moving: Furniture, equipment, and supplies	75,000
Civilian moving expenses	1,300,000
Military moving expenses	40,000
Civilian severance pay	100,000
Recurring travel expense increases	75,000
<b>Total</b>	<b>\$1,890,000</b>

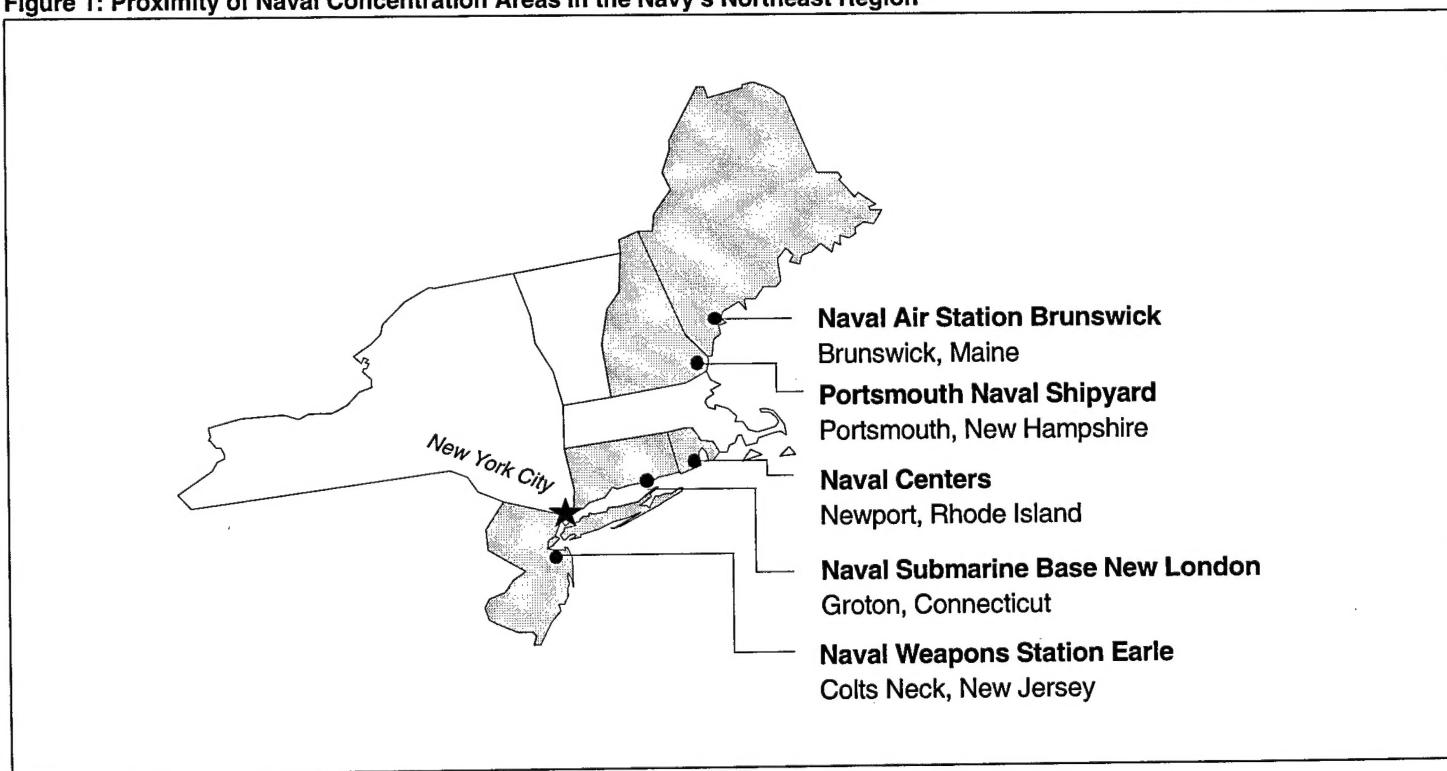
Source: CINCLANTFLT's Cost Estimates Stated in its December 1997 Fact and Justification Sheet.

CINCLANTFLT's Fact and Justification Sheet acknowledges that no monetary or manpower savings have been identified with relocating the Commander, Navy Region Northeast, to NWS Earle. Our analysis shows potential for the Navy's one-time cost estimates to be understated. For example:

- CINCLANTFLT officials estimated it would cost approximately \$75,000 to renovate office space to accommodate the commander and his/her staff. However, officials at NWS Earle stated that this renovation cost estimate could increase to as much as \$130,000 if the decision were made to install central versus window air conditioning.
- While CINCLANTFLT estimated that travel expenses would increase by about \$75,000 per year for travel to other subordinate commands, other information indicates this estimate may be understated. Officials at NSB New London, where the core staff for the new command are currently stationed, provided their analysis that suggested that these costs could increase by about \$100,000 to \$200,000 annually. We did not independently verify this analysis. However, establishing the command at NWS Earle will result in the command being located in the southern most area of the region, making it relatively less accessible to other installations in the region than from its current location at NSB New London or from Newport. For example, travel from NWS Earle to other areas of the region would require greater use of air travel than from NSB New London or Newport where cars and car pools are more readily used to reach other facilities.

Figure 1 shows the approximate locations of Navy concentration areas in the northeast region.

**Figure 1: Proximity of Naval Concentration Areas in the Navy's Northeast Region<sup>a</sup>**



<sup>a</sup>There are a number of other naval activities in the region not shown in figure 1, including the Naval Air Station at Keflavik, Iceland, and the Joint Maritime Facility in St. Mawgan, United Kingdom. A complete list of major naval bases and commands in this region is presented in appendix I.

- CINCLANTFLT's Fact and Justification Sheet also does not reflect cost estimates for renovating the on-base housing at NWS Earle to accommodate the flag officer. According to NWS Earle officials, it would cost at least \$20,000 to renovate the proposed admiral's quarters to meet the Navy housing standards for flag officer quarters if the admiral chose to live on base.
- The Navy's cost estimates do not include the civilian personnel payroll increase that will occur as a result of this move. Due to the location of NWS Earle, each civilian employee would be entitled to a salary increase to reflect the locality pay for that area. Based on the U.S. Office of Personnel



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Management 1998 General Schedule, locality pay rates are 9.76 percent and 9.13 percent, for NWS Earle and NSB New London, respectively. Locality pay rates for Newport are 5.4 percent by comparison.

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## Various Operating Factors Raise Issues About Whether NWS Earle Is the Optimal Location for the New Headquarters

In examining mission and support requirements of the new command, we found that the NWS Earle location raises two basic operational limitations when compared to the current location at NSB New London or the facilities at Newport. These limitations relate to increased travel time and costs associated with operating from that location and the adequacy of existing facility infrastructure to support the new headquarters relative to at least the NSB New London and Newport locations.

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## Staff Travel Time and Costs Could Be Greater Operating From NWS Earle

According to CINCLANTFLT's Fact and Justification Sheet, the proposed mission of the Commander, Navy Region Northeast, would primarily involve management and oversight of the widely dispersed naval shore activities in the northeast region. CINCLANTFLT officials expect that travel expenses would increase over what they would be in a more central location. According to NSB New London officials, the mission requires frequent travel to and from the naval activities within the region (see fig. 1 and app. I). Because NWS Earle is located in the southern most part of the northeast region, these officials stated that there would likely be a greater reliance on travel by air than by car where several persons could travel together at less cost.

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## NWS Earle Has Limited Infrastructure to Support the Commander, Navy Region Northeast

Our review of factors such as office space, housing, and conference/training facilities at the sites we visited shows that NWS Earle has the least existing infrastructure to support the new command's requirements. We observed that the available infrastructure at NWS Earle is primarily suited to support its mission of receiving, storing, and distributing naval ordnance and has limited office, conference, and classroom space. As stated previously, placing the new command at NWS Earle would require the displacing and relocating of existing command staff and renovating of other space to accommodate their relocation. Conversely, at NSB New London, the Navy would not incur any major renovation costs beyond the purchase and installation of additional office modular furniture to accommodate the increased number of staff. We observed that the current headquarters building for the regional coordinator staff at NSB New London has sufficient vacant space on the



first and third floors to accommodate the proposed expansion. Even if the Navy decides that the Commander, Navy Region Northeast, and the Commander, Submarine Group Two, would not occupy the same building, officials at NSB New London identified four other buildings on base that could accommodate the Commander, Navy Region Northeast. We also found that the Navy facilities and infrastructure at Newport would be adequate to support the command without major renovation costs.

Additionally, NWS Earle does not have sufficient officer housing quarters available to accommodate an admiral and additional staff officers. The proposed staffing of the new command includes 17 officers, including the commanding officer, whereas the on-base family housing at NWS Earle includes 38 officer housing units of which only 2 were vacant as of August 1998 because they were being renovated. Furthermore, according to officials at NWS Earle, none of these officer housing units meets the standards for a flag officer. Although renovations could be made to improve some officer housing units, officials at NWS Earle stated that it is more likely the admiral and his senior staff would choose to reside in quarters available to them at the Fort Monmouth Army Base, about 6 miles away. This latter option is already the housing of choice for some command staff officers currently stationed at NWS Earle. Conversely, at both NSB New London and Newport, there is sufficient housing space to accommodate the proposed command's military staff. We observed that both of these bases have housing areas with sufficient space to accommodate both the numbers and grade levels of the command's military staff.

As part of the regional coordination mission involving management and oversight of naval shore activities in the region, the command hosts frequent conferences and training seminars for personnel from other naval installations throughout the region. For example, during fiscal year 1998, about 20 to 50 personnel at a time attended training courses and conferences at NSB New London that related to regional activities such as the Navy's commercial activities program, casualty assistance calls, information technology, facilities engineering, family advocacy and family services, and regional security. Officials at NWS Earle stated that the command building there would not include adequate conference and training facilities to accommodate these activities. We observed, for example, that the current command building at NWS Earle that would be used to house the new command has one conference room, which has sufficient space for a maximum of about 15 to 20 participants. Conversely, we observed that the facilities occupied by the regional coordinator staff

at NSB New London currently have several large conference rooms and several other smaller meeting facilities that are sufficient to accommodate expanded requirements. Similarly, we observed that the building at Newport that would be used for the new regional command has sufficient conference and meeting rooms to accommodate the command's anticipated requirements.

## Other Questions Regarding Justification for the NWS Earle Site Selection

While the CINCLANTFLT justification was based primarily on NWS Earle's proximity to New York City, the desire for a flag rank officer at that location, and several other public relations-related factors, the high priority given to these criteria appears questionable when compared to the command's core mission responsibilities.

CINCLANTFLT's Fact and Justification Sheet states that (1) NWS Earle is the only primary homeport for Navy ships on the East Coast without a flag officer and (2) there is a need for Navy flag officer representation in the New York-New Jersey area to act as the resident Navy spokesperson and to interact on the Navy's behalf with major corporations, labor unions, other organizations associated with maritime commerce, and publishing and media concerns. It also states that the regional commander would serve as the official Navy representative for major events, visiting foreign dignitaries, and U.S. Navy and foreign ship port visits. The regional commander would serve on numerous area special purpose councils and respond to requirements for support functions and services in the New York City area arising from the large population and the Navy's recruiting efforts in the area. Furthermore, the justification sheet states that there is a requirement for essential support functions and services such as major casualty assistance calls programs, extensive regional public affairs information services, and a large community service program in the New York-New Jersey area.

While each of the justification points highlighted in the justification sheet has merit, available data indicate that these functions differ significantly from the command's core responsibilities. These core responsibilities are more related to managing installation support services at the Navy's bases and commands in the region and other important functions highlighted in the command's draft Mission, Functions and Tasks Statement, such as providing primary resource support, management control, and technical support of assigned shore activities.

In addition, according to regional coordination officials at NSB New London, flag presence has been required in the New York City area only on an average of about once every 2 months. CINCLANTFLT officials stated that flag presence has been requested in the New York City area more often, but they were unable to provide documentation to quantify their position. Nevertheless, in terms of increased proximity to New York City, NWS Earle is approximately 1-1/2 hours away by automobile. NSB New London is about 2 hours from New York City by automobile and is more centrally located in the northeast region. Therefore, it is not clear that NWS Earle provides a geographic advantage over other locations.

Officials at NSB New London stated that they are performing many of the functions proposed for the new command. In this regard, CINCLANTFLT officially designated the Commander, Submarine Group Two, at NSB New London as the Naval Northeast Regional Coordinator in 1994. Some of the regional functions that NSB New London staff have been performing consist of facilities management, regional environmental coordination, disaster preparedness, casualty assistance coordination, family advocacy programs, regional security, and coordination of regional port visits. Additionally, NSB New London staff have recently begun a number of regional projects, including public affairs office consolidation; housing studies; supply coalition; and a Joint Inter-service Regional Support Group, which encompasses support for military facilities in Connecticut, Rhode Island, and Massachusetts. The establishment of a separate Commander, Navy Region Northeast, will also expand the responsibilities of the regional coordinator to include, for example, managing the funds for the base operations support functions at the naval shore installations in the region.

As previously noted, while the Navy has emphasized the establishment of a new command to oversee base support operations in the region, officials at NSB New London stated that they are currently responsible for many of the functions proposed for the new command. According to these officials, moving the command to NWS Earle could temporarily disrupt the core base operations functions already established if, as these officials suggest, many of the current employees choose not to relocate to NWS Earle. Moreover, we noted that by moving the new command away from NSB New London, the Navy would be separating the command from other regional activities currently located at NSB New London, including the Regional Supply Coalition and the Regional Emergency Command Center.

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## Conclusions

We recognize that site selection decisions are ultimately a management prerogative based upon weighing relevant factors. At the same time, where policy guidance or other stipulated criteria are established to facilitate decision-making, we believe it is important for decisionmakers to ensure that such guidance and criteria are followed and documented to support the basis for their decisions. It is not clear, however, to what extent CINCLANTFLT's site selection process was conducted in accordance with Navy guidance and other stipulated criteria regarding the current site selection recommendation. Further, the justification cited for recommending NWS Earle over the current location at NSB New London, or other locations, appears to have a number of weaknesses in the cost estimates that were made and consideration of nonmonetary benefits such as infrastructure deficiencies at NWS Earle and command travel time gains.

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## Recommendation

We recommend that the Secretary of Defense require the Secretary of the Navy to review and more fully assess the prospective headquarters location for the Commander, Navy Region Northeast, against the Navy's decision-making criteria, taking into consideration issues and questions raised in this report.

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## Agency Comments and Our Evaluation

In written comments on a draft of this report, the Navy concurred with our recommendation and stated that it will review and reconsider all pertinent facts, including the issues and questions raised in this report, and that CINCLANTFLT will then resubmit a fact and justification package on the establishment of a Northeast Region Commander.

The Navy also stated that, CINCLANTFLT did follow its published guidance on establishment of shore activities. It also noted that, although cost is an important consideration, it is not the only factor evaluated in the decision-making process. We agree that cost is not the only factor. Our review of available documentation and discussions with Navy officials have indicated that the recommendation to select NWS Earle was based primarily on placing the command in closer proximity to New York City. Less attention was given to other fundamental factors such as operational effectiveness, costs, and core mission responsibilities. Our draft report raised questions about the extent to which the Navy had followed its own criteria regarding the establishment of shore activities since we could not be certain to what extent the Navy met its stipulated requirements because the Navy had limited documentation to support its analyses. We modified

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our report to clarify this issue. The full text of the Navy's comments from the Office of the Chief of Naval Operations is presented in appendix II.

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## Scope and Methodology

To assess the process the Navy used for recommending a site for the Commander, Navy Region Northeast, we reviewed available cost estimate data gathered by staff within the office of the CINCLANTFLT. We did not, however, independently verify the Navy's cost estimates. We also reviewed and analyzed CINCLANTFLT's (1) Fact and Justification Sheet for the recommendation that the command relocate to NWS Earle, New Jersey; (2) facilities data gathered during the decision-making process; (3) Navy Instruction 5450.169D regarding the establishment of shore activities; (4) Instruction 5450.94 regarding the proposed mission, functions, and tasks statement for the Commander, Navy Region Northeast; and (5) other related documentation.

We visited and interviewed officials at the Commander, Submarine Group Two, at the NSB New London in Groton, Connecticut, who are currently responsible for regional coordination among CINCLANTFLT activities in the northeast region. We compared the current mission and staffing of the regional coordination office to the proposed mission, functions, and tasks statement for the Commander, Navy Region Northeast. We discussed with these officials the facilities, infrastructure, and base support available to accommodate the new command.

We also visited and interviewed officials at NWS Earle, New Jersey, and the naval base at Newport, Rhode Island, to determine how the command would be accommodated if relocated to these locations. We selected these bases for our review because NWS Earle is the base that CINCLANTFLT has recommended as the site for the Commander, Navy Region Northeast, and the naval facilities at Newport are centrally located within the northeast region. We discussed with these officials the facilities, infrastructure, and base support available to accommodate the new command.

We met with senior CINCLANTFLT officials on several occasions to brief them on the results of our work. We have incorporated their comments, as appropriate, to enhance the technical accuracy and completeness of our report.

We conducted our review from April to August 1998 in accordance with generally accepted government auditing standards.

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We are sending copies of this report to the Chairmen and Ranking Minority Members of the Senate Committees on Armed Services and on Appropriations and the House Committees on National Security and on Appropriations; the Director, Office of Management and Budget; and the Secretaries of Defense and the Navy. Copies will also be made available to others upon request.

Please contact me on (202) 512-8412 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix III.

A handwritten signature in black ink, reading "David R. Warren". The signature is fluid and cursive, with a long horizontal stroke at the end.

David R. Warren, Director  
Defense Management Issues

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## Abbreviations

CINCLANTFLT	Commander in Chief, U.S. Atlantic Fleet
DOD	Department of Defense
GAO	General Accounting Office
NSB	Naval Submarine Base
NWS	Naval Weapons Station





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# Major Naval Bases and Commands in the Navy's Northeast Region

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Naval Computer and Telecommunications Station  
Cutler, Maine

Naval Security Group Activity  
Winter Harbor, Maine

Supervisor, Shipbuilding  
Bath Iron Works  
Bath, Maine

Naval Air Station Brunswick<sup>a</sup>  
Brunswick, Maine

Portsmouth Naval Shipyard<sup>a</sup>  
Portsmouth, New Hampshire

Nuclear Power Training Unit  
Ballston Spa, New York

Naval Education and Training Center <sup>a</sup>  
Naval Undersea Warfare Center <sup>a</sup>  
Naval Weapons Center<sup>a</sup>  
Newport, Rhode Island

Naval Submarine Base New London<sup>a</sup>  
Groton, Connecticut

Naval Weapons Station Earle<sup>a</sup>  
Colts Neck, New Jersey

Naval Air Engineering Station Lakehurst  
Lakehurst, New Jersey

Naval Air Station Keflavik  
Keflavik, Iceland

Joint Maritime Facility  
St Mawgan, United Kingdom

<sup>a</sup>Designated as Fleet Concentration Areas in the Navy's Northeast Region.

# Comments From the Department of Defense



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON, D.C. 20350-2000

IN REPLY REFER TO  
Ser N464D/8U587587  
September 11, 1998

Mr. David R. Warren  
Director, Defense Management Issues  
National Security and International Affairs division  
U. S. General Accounting Office  
Washington, D.C 20548

Dear Mr. Warren,

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft, "NAVY INFRASTRUCTURE: Site Selection Process for the Northeast Regional Command Contained Weaknesses," dated August 11, 1998, (GAO Code 709336/OSD Case 1668).

As recommended by GAO, the Navy will review and reconsider all pertinent facts, including the issues and questions raised in the GAO report, before making a final decision on the location of the Northeast Region Command. The DOD response to the GAO report is attached.

Thank you for providing us the opportunity to comment on the draft report.

A handwritten signature in dark ink, appearing to read "D. E. Porter".

D. E. PORTER  
Assistant Deputy Chief of Naval  
Operations (Logistics)

General Accounting Office Draft Report  
"NAVY REGIONALIZATION: Site Selection  
Process for the Northeast Regional Command  
Contained Weaknesses"  
Dated August 11, 1998  
(GAO Code 709336/OSD Case 1668)

DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION

**RECOMMENDATION 1:** The GAO report recommended that the Secretary of Defense require the Secretary of the Navy to review and more fully assess the prospective headquarters location for the Commander, Navy Region Northeast against the Navy's decision making criteria taking into consideration issues and questions raised in the GAO report. (p. 15/Draft Report.)

**DOD Response:** The GAO report focuses on both the extent of quantitative analysis conducted and the relative merits of non-quantitative consideration in the Commander-in-Chief, U. S. Atlantic Fleet (CINCLANTFLT's) proposal to establish its Northeast Regional Commander in Earle, New Jersey. The report acknowledges the need for a regional commander, but questions whether adequate comparative analysis was performed to support recommending establishment of the command in Earle, NJ.

CINCLANTFLT did follow the published Navy guidance on establishment of shore activities, OPNAVINST 5450.169D, which outlined the specific factors that should be considered in proposing a new activity. The Navy also notes that, although cost is an important consideration, it is not the only factor evaluated in the decision making process. The Navy will review and reconsider all pertinent facts, including the issues and questions raised in this report. CINCLANTFLT will then resubmit a Fact and Justification package on the establishment of a Northeast Region Commander, and the Secretary of the Navy will make a final decision on the location for this command.

Attachment to Memo,  
GAO Draft Report,  
Page 1 of 1

Now on p. 11.

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# Major Contributors to This Report

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